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CITY OF BOSTON FINANCE COMMISSION

24 SCHOOL STREET BOSTON, MASS. 02108 LAFAYETTE 3-1622

May 8, 1969

To the Honorable the Mayor:

The position of the City and County in relation to the question of insurance and fidelity bonds is an area that has never been surveyed. The Finance Commission in this report has brought together extensive data bearing on this question. The Commission recommends that the City's policy and practice in this area should be subjected to a professional evaluation at this time.

It is the Commission's judgment that only in this way can the City and County formulate plans and policy which can be said with certainty to be in the best interests of the City. One fact is clear that this will be the first time the City will have stopped to examine its insurance and fidelity bonding practices.

In the preparation of the attached data, the Finance Commission has taken the following steps:

1. Made a tabulation of all insurance policies and fidelity bonds by department, risk covered, amount of coverage, premium paid, insurance company and broker involved. (See Appendix I.)

2. Examined the areas of risk of loss covered by insurance as differentiated from other areas in which the City is a self-insurer.

3. Examined whether the City has adopted the practice of soliciting bids and consolidating policies and bonds.

4. Made an examination of the practices followed by many of the larger cities in the country (above 500,000 population) in the areas of insurance and fidelity bonds.

FINDINGS

A review of the assembled data indicates the following:

1. The City in many categories is a self-insurer. But where the City does insure, and in the case of fidelity bonds, there is a splintered placement of insurance and bonds with respect to agent, company and department.

   The following summary table shows the multiplicity of insurance policies and bonds held

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The following summary table shows the multiplicity of insurance policies and bonds held

by City and County departments:

Public Liability Ins.	2 policies	2 agents
Fidelity Bonds	40 bonds	18 "
Burglary Insurance	11 policies	10 "
Fire	7 "	3 "
Boiler	3 "	3 "
Property Damage Ins.	1 policy	1 agent

When the Boston Redevelopment Authority is added, the list becomes the following:

Public Liability Ins.	14 policies	4 agents
Fidelity Bonds	41 bonds	19 "
Burglary Insurance	12 policies	11 "
Fire Insurance	10 "	3 "
Auto Non-Ownership Insurance	1 policy	1 agent
Boiler Insurance	3 policies	3 agents
Property Damage Ins.	3 "	3 "
Personal Injury Ins.	1 policy	1 agent
Workmens Compensation (BRA)	1 "	1 "
(CITY)	Self-insurer	

2. There is an absence of competitive bidding. It appears that only the School Department solicits bids, and only in the case of fidelity bonds. The Boston Housing Authority advertises for bids for its insurance. The Boston Redevelopment Authority does not advertise for bids.

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3. There are numerous fidelity bonds instead of a blanket coverage.

4. Boston, like most cities, is a self-insurer in the area of Workmen's Compensation, in which the City spent $425,549 in 1968.

   Boston is also largely a self-insurer in the general area of liability. For executions of court, claims arising from defects in highways, injuries and damage attributable to acts of employees, etc., and damages and judgments attributable to the Water and Sewer Divisions of the Public Works Department, the City spent $527,076.48 in 1968.

RECOMMENDATIONS

1. The principal recommendation is that the City engage a professional insurance analyst to analyze the data, evaluate the City's policy and practices reflected in the data, analyze the risks involved and how they should be treated, determine in which areas the City should be self-insured, design an overall program and make such recommendations as will insure that the City is in the best possible position in this area.

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2. There is need for a basic analysis to identify and evaluate risks to which the City is exposed; to determine which of these risks the City should assume, and those in which the City should be protected by some form of insurance.

3. In any case, there is a need for an overall program, centrally controlled and administered, with standards and procedures with respect to placement of bonds and insurance and competitive bidding clearly set out.

4. A survey (See Appendix III) of practices in 20 other large cities (over 500,000 population) shows the following characteristics, which are not present in the case of Boston.

    a. Virtually all carry blanket fidelity bonds rather than a number of single bonds.

    b. In many cities an Advisory Insurance Committee, or its equivalent, has been set up, and insurance and bonding procedures are set out in ordinance or administrative code.

    c. In most cities there is a centralized control and administration of the insurance and bonding program.

5. It is further recommended to insure getting the best prices:

    a. That all insurance and fidelity bonding deemed to be advisable be subject to competitive bidding.

    b. That all such insurance and bonding be centrally controlled and administered, and that coverages be consolidated as much as possible.

SUMMARY OF INSURANCE PREMIUMS BY MUNICIPAL AGENCIES

Boston Redevelopment Authority

	Premiums		
Public Liability	$353,615.00	Estimated	
Fidelity Bonds	1,761.00		
Burglary Insurance	5,172.00		
Fire Insurance	1,956.00		
Automobile Non-Ownership	449.09		
Workmen's Compensation	18,003.00		
Property Damage	4,073.20		
Personal Injury	509.00		
	Total	---	$385,538.29

All Departments

Fire Ins. - Public Off-Street Garages (Real Property Dept.)		26,021.00		
	George R. White Fund	11,737.00		
		Total	---	37,758.00
Boiler & Machinery Ins. - City & Schools		43,342.00		
	- County	1,662.00		
		Total	---	45,004.00
Fidelity Bonds - City		10,766.00		
	- Schools	1,509.00		
	- County	2,332.50		
		Total	---	14,607.50
Burglary Insurance - City		9,798.00		
	- Schools	236.00		
	- County	1,766.00		
		Total	---	11,800.00
		GRAND TOTAL	-----	$494,707.79

WORKMEN"S COMPENSATION

In this category the City of Boston acts as a self-insurer appropriating each year for this purpose.

1967 Expenditures

Workmen's Compensation Service	$51,013.49
Workmen's Compensation	373,891.87
Total	$424,905.36

1968 Expenditures

Workmen's Compensation Service	$59,615.05
Workmen's Compensation	365,933.51
Total	$425,548.56

Liability

The City is a self-insurer in that each year a budget appropriation is set up for executions of court, damage claims and reimbursements.

Included are claims arising from defects in the highway, injuries and damage arising from the acts of fire apparatus operators and other employees, et al.

1967 Expenditures	$547,836.15
1968 "	416,812.17

In addition, there are the following:-

Water Div. of P.W.D. for damages, judgments and losses:-

1967 Expenditures	$139,794.45
1968 "	88,483.13

Sewer Division - Damages and judgments

1967 Expenditures	$6,330.55
1968 "	13,044.79

INSURANCE AND FIDELITY BOND DATA FOR BOSTON AND OTHER LARGE CITIES

The attached tables present data on the insurance and bond coverage by type, department, coverage, premium, period, company and agent; also, a survey of the practice in the larger cities in the United States.

Respectfully submitted,

John Larkin Thompson, Chairman,

Joseph P. McNamara,

Russell S. Codman, Jr.,

Frederick R.H. Witherby, Esq.,

Reverend James P. Breeden,

THE FINANCE COMMISSION.

Thomas J. Murphy,
Executive Secretary.

PUBLIC LIABILITY INSURANCE

Dept.	Deductible	Location	Coverage	Term	Premium	Company	Broker
BRA	None	Central Bus. Dist.Mass.R-82	$100,000-300,000	5-1-66 5-1-69	$13,491 (est.)	Travelers Indem. Co.	James F. Kelley & Co., Inc.
"	"	Charlestown Mass. R-55	" "	4-29-66 4-29-69	96,523 (est.)	Maryland Cas. Co.	" " "
"	"	Downtown Waterfront-Faneuil Hall - Mass.R-77	" " " "	3-1-67 3-1-70	90,813 (est.)	Phoenix Ins.Co.	Bernard R. Baldwin
"	"	North Harvard	" "	12-1-67 12-1-68	134	Travelers Indem. Co.	Jas. F. Kelley & Co., Inc.
"	"	South End Mass. R-56	" "	8-1-66 8-1-69	85,035 (est.)	Maryland Cas. Co.	" " "
"	"	Washington Park-Mass.R-24	" "	1-1-68 1-1-69	237	Travelers Indem. Co.	" " "
"	"	Govt. Center	" "	10-25-67 10-23-68	1,569 subject to adj.	" "	" " "
"	"	Fenway-Mass. R-115	" "	4-1-68 4-1-71	11,924 (est.)	Phoenix Ins. Co.	Bernard R. Baldwin

PUBLIC LIABILITY INSURANCE

Dept.	Deductible	Location	Coverage	Term	Premium	Company	Broker
BRA	None	West End UR Mass. 2-3	$100,000-300,000	4-23-68 4-23-69	$ 54	Phoenix Ins. Co.	Bernard R. Baldwin
"	Plan D	South Cove Mass. R-92	" "	8-1-68 8-1-69	47,220 (est.)	Travelers Indem. Co.	James F. Kelley & Co., Inc.
"	None	N.E.Merchants Nat'l Bank 28-30 State Street	$500,000-1,000,000	10-25-67 10-25-70	5,378	Travelers Indem. Co.	" " "
"		All Offices	$100,000-300,000	3-15-68 3-15-71	1,237	Phoenix Ins. Co.	Bernard R. Baldwin
LIBRARY		Rear-Central Lib.	$300-500,000 liab.-100,000 P.D.	1 yr. exp. 1-14-69	93 All (trust funds)	American Employers	Meagher, Muller & Co., Inc.
GEO. R. WHITE FUND		480 Boylston Street	$1,000,000	1 yr.	Incl. in Fire Policy	Maryland Cas. Ins. Co.	Bernard R. Mullen

NOTE The City is a self-insurer in the category of Public Liability.

1967 Expenditures for Executions of Court, Damage Claims and Reimbursements $547,836.15

1968 " 416,812.17

FIDELITY BONDS

Dept.	Persons	Coverage	Premium	Term	Company	Broker
P.W.D.	7 employees 4 5	$ 2,000) 3,000) 5,000)	$168	1 year	Maryland Casualty Co.	Bernard R. Baldwin
LIBRARY	Director	2,500	10	1 year	Maryland Casualty Co.	Bernard R. Baldwin
	Assoc. "	"	"	exp.	" "	" "
	Secty.Trus.	"	"	1-1-69	" "	" "
	Sup.Bus.Op.	"	"	"	" "	" "
	Chf. " "	"	"	"	" "	" "
	Prin.Acct.	10,000	35	"	" "	" "
	Asst. "	"	"	"	" "	" "
	Coll.-Treas.	100,000	253	1 year exp. 12-1-68	Peerless Ins. Co.	Gately, Morgan & Gilfoyle
AUDI-TORIUM	Bus. Mgr.	20,000	70	1 year	Maryland Casualty Co.	Bernard R. Baldwin
POLICE	22 @ $2,000 2 @ 5,000	44,000 10,000	220 36	1 year 1 year	Maryland Casualty Co.	Bernard R. Baldwin
HEALTH & HOSP. - LONG IS.	Employees	5 @ $ 2,800 1 @ 10,000	72	1 year	Peerless Ins. Co.	Gately, Morgan & Gilfoyle
LAW	4 employees	5,600	18	1 year 2-1-69	Peerless Ins. Co.	Gately, Morgan & Gilfoyle

FIDELITY BONDS

Dept.	Persons	Coverage	Premium	Term	Company	Broker
VETS. SER-VICES	Commr.	$25,000	$70	1 year	Lumbermans' Mutual Casualty	Paige, O'Brion, Russell
	Adm.Asst.	10,000	28			
	6 Clks @ $4,000	24,000	66			
TREAS.-COLLEC-TOR	3 @ $200,000	600,000	1,920	1 year	American Casualty	Bernard R. Baldwin
	1 @ 50,000	50,000	160	1 year	" "	" "
	5 @ 25,000	125,000	400	1 year	" "	" "
	1 @ 20,000	20,000	64	1 year	" "	" "
	7 @ 10,000	70,000	224	1 year	" "	" "
	31 @ 5,000	155,000	497	1 year	" "	" "
	29 @ 2,500	72,500	290	1 year	" "	" "
	1 @ 500,000	500,000	1,804	1 year	Peerless Ins. Co.	Gately, Morgan & Gilfoyle
	1 @ 10,000	10,000	32	1 year	" "	" "
	26 @ 5,000	130,000	396	1 year	" "	" "
	5 @ 2,500	12,500	50	1 year	" "	" "
	Forgery Bond	50,000	187.50	3 years	American Casualty	Driscoll, Pierce Inc.
	1 @ 200,000	200,000	640	1 year	" "	" "
	1 @ 25,000	25,000	80	1 year	" "	" "
	8 @ 5,000	40,000	128	1 year	" "	" "

FIDELITY BONDS

Dept.	Persons	Coverage	Premium	Term	Company	Broker
TREAS.-COLLECTOR	4 @ $2,500	$10,000	$40	1 year	American Casualty	Driscoll, Pierce, Inc.
BLDG.	4 @ 2,000	8,000	40	1 year	Maryland Casualty	Bernard R. Baldwin
HOUSING INSPECTION	26 @ 3,000 1 @ 2,000	78,000 2,000	286 10	1 year 1 year	Continental Ins. Co. Peerless Ins. Co.	Bernard R. Baldwin " "
BRA	Employees	10,000 15,000	1,761	3 years 3-15-67- 3-15-70	Travelers Ins. Co.	James F. Kelley & Co., Inc.
PARKS AND REC.	8	2,800	80	3 years	Peerless Ins. Co.	Gately, Morgan & Gilfoyle
MAT. CHR. DIS. HOSP.	3 employees	2,800	30	1 year	" "	" "
B.C.H.	6 employees	25,000 ea.	474	1 year	" "	" "
	5 "	10,000 "	110	1 year	" "	" "
	1 employee	5,000 "	16	1 year	" "	" "
	21 employees	2,800 "	210	1 year	" "	" "

FIDELITY BONDS

Dept.	Persons	Coverage	Premium	Term	Company	Broker
TRAFFIC & PARKING	30 employees	$2,800 ea. $84,000	$450	1 year	Maryland Casualty	Bernard R. Baldwin
	1 cashier	5,000	26	1 year	" "	" "
CITY CLERK	City Clk	5,000	16	1 year	Peerless Ins. Co.	Gately, Morgan & Gilfoyle
	Asst. " "	2,800	10	"	" "	" "
	3 employees	2,800 ea.	30	"	" "	" "
AUDITING	Auditor	100,000	350	1 year	Maryland Casualty	Driscoll & Pierce
	Asst. "	20,000	60	1 year	American Casualty	" "
SCHOOL	37 employees	2,500	138	1 year 9-1-68 to 9-1-69	Continental Casualty Co.	Charles R. Murphy
	Phys.Ed.Dir.	5,000	17	"	" "	"
	Bus. Mgr.	252,000	378	"	" "	"
	Dep.Bus.Mgr.	186,000	279	"	" "	"
	Prin.Acct.	186,000	279	"	" "	"
	Hd. Cashier	5,000	17	"	" "	"
	Cashier	5,000	17	"	" "	"
	Pr.ClkSten.	5,000	17	"	" "	"

FIDELITY BONDS

Dept.	Persons	Coverage	Premium	Term	Company	Broker
SCHOOL	Admin.Sec.	$2,000	$10	1 year 9-1-68 to 9-1-69	Continental Casualty Co.	Charles R. Murphy
	Hd.Masters (2)	4,000	20	"	" "	"
	6 Cordi-nators	12,000	60	"	" "	"
	96 Cust.of Milk Funds, etc.	96,000	277	"	" "	"

FIDELITY BONDS - COUNTY

REG. DEEDS	Register	5,000	156 TOTAL	1 year	Fidelity & Dep. Ins. Co.	Chas. Sullivan
	Asst.Record. Land Ct.	5,000				
	Asst.Reg. Deeds	5,000				
	3 Assts. @ $5,000	15,000				
JUVEN-ILE CT.	Clk.of Ct.	5,000	16	1 year	Peerless Ins. Co.	A.A Dority
	Asst. " "	2,800	10	1 year	Commercial Union Ins.	John C, Paige Co.
	Ct.Officer	1,000	10	1 year	Peerless Ins. Co.	John A. Pierce
	3 " "	2,800	30	1 year	Commercial Union Ins.	John C. Paige Co.

FIDELITY BONDS - COUNTY

Dept.	Persons	Coverage	Premium	Term	Company	Broker
JUVENILE CT.	Ch.Probat. Officer	$2,800	$10	1 year	Commercial Union Ins.	John C. Paige Co.
	1st Asst. Ch.Probat. Officer	2,800	10	1 year	" "	" "
	2 " "	2,800	20	1 year	" "	" "
	14 Probat. Officers	2,800	140	1 year	" "	" "
BOSTON MUN. CIVIL COURT	Clerk	10,000	35	7-5-69	Aetna Ins. Co.	Greater Boston Ins. Agency, Medford
SO. BOSTON COURT	Ch.Probat. Officer	9,000	28	1 year	Commercial Union Ins.	John C. Paige Co.
	Clk.of Ct.	5,000	16	1 year	" "	" "
	Asst. Clk.	3,000	10	1 year	" "	" "
	3 Probat. Officers @ $2800	8,400	30	1 year	" "	" "
	2 Court Officers @ $2800	5,600	20	1 year	" "	" "
PENAL INSTS.	4 employees @ $2800 ea.	11,200	40	1 year	Maryland Casualty	Bernard R. Baldwin

FIDELITY BONDS - COUNTY

Dept.	Persons	Coverage	Premium	Term	Company	Broker
BRI. COURT	1 employee	$11,000	$39	1 year	Maryland Casualty Co.	John J. Ryan Ins. Agency
	1 "	5,000	18	1 year	" "	" "
	3 "	2,800	30	1 year	" "	" "
	1 "	2,800	11	1 year	" "	" "
EAST BOSTON COURT	1 employee	14,000	49	1 year	Aetna Casualty Co.	Meridian Ins.
	1 "	5,000	17	1 year	" "	"
	5 "	2,800	50	1 year	" "	"
	1 "	2,500	10	1 year	" "	"
DOR-CHES-TER COURT	1 Probat.Off.	23,000	72	1 year	Commercial Union	Paige, O'Brion, Russell
	1 Clerk	5,000	14	1 year	Lumbermans' Mutual	Hollis, Perrin & Kirkpatrick
	13 Probat. Officers	36,400	130	1 year	Commercial Union	Paige, O'Brion, Russell
WEST ROX. COURT	Blanket Bond	2,500	47	1 year	Employers' Liab. Ins. Co.	Paige, O'Brion, Russell
	Ch.Probat. Officer	13,000	41	1 year	Commercial Union	" "
	3 Probat. Officers	8,400	30	1 year	" "	" "

FIDELITY BONDS - COUNTY

Dept.	Persons	Coverage	Premium	Term	Company	Broker
WEST ROX. COURT	1 Probat. Officer	$2,800	$10	1 year	Peerless Ins. Co.	J.G. MacQuarrie Ins. Co.
SUP. JUD. COURT	20 employees:					
	1 Clerk	5,000	26	1 year	Employers' Group of Ins. Co's.	Paige, O'Brion & Russell
	19 Assts.	2,800	190	1 year	Maryland Cas. Co.	
ROX-BURY DIST COURT	20 Probat. Officers	2,800 ($10.)	200	1 year	Aetna Ins. Co.	Ins. Agency, Needham
	1 Ch.Probat. Officer	73,000	256	1 year	" "	"
	1 Head Clk.	10,000	35	1 year	" "	"
	1 Head Acct. Mach.Oper.	5,000	17	1 year	" "	"
	3 Court Proced.Clerks	15,000 ($17)	51	1 year	" "	"
	1 Clerk Ct.	5,000	16	1 year	Peerless Ins. Co.	A.A. Dority Ins.
	6 Court Officers	6,000 ($10)	60	1 year	Aetna Ins. Co.	Ins. Agency of Needham, Inc.
SUP. CRIM-INAL	Clerk	5,000	17.50	1 year	Aetna Ins. Co.	Ins. Agency of Needham, Inc.
	14 Asst. Clerks	35,000	140.00	1 year	" "	"

FIDELITY BONDS - COUNTY

Dept.	Persons	Coverage	Premium	Term	Company	Broker
CHARLES-TOWN DIST. COURT	1 - Ch. Prob. Officer	$10,000	$35	1 Year	Aetna Ins. Co.	Jos. L. Mullen
	1 - Clk. of Ct.	5,000	16	1 "	" "	John C. Paige
	1 - Prob. Officer	1,000	10	1 "	" "	Jos. L. Mullen
	1 - Prob. Officer	1,000	10	1 "	" "	John C. Carr Ins.Co Medford
	1 - Court Officer	1,000	10	1 "	" "	Northeast Ins. Co.
	1 - Court Officer	1,000	10	1 "	" "	Arl-Rite Ins. Agency, Somerville
BOSTON MUN. COURT CRIM.	Clerk	30,000	84	1 year	Peerless Ins. Co.	O'Brion, Russel & Co.

BURGLARY INSURANCE

Dept.	Location	Coverage	Premium	Term	Company	Broker
LIBRARY	Messenger	$2,200	$56 in all	3 yrs. exp. 12-8-70	American Employers	Meagher, Muller Co., Inc.
	Inside Robbery	2,500				
	Safe Burgl.	2,000				
TREAS-COLLECT.	Money & Securities Policy	Various Coverage	8,845	3 yrs.	American Casualty	Driscoll, Pierce, Ins.
BRA	Safe & Vaults All Officers of Authority	10,000	1,107	3-15-67 3-15-70	Travelers Indemnity Co.	James F. Kelley & Co., Inc.
	All Portable Office Machines	74,000	4,005	3-15-67 3-15-70	" "	" " "
	Safes @ 73 Tremont and 18 Cornhill Sts.	10,000	60	3-15-67 3-15-70	" "	" " "
PARKS & REC.	33 Beacon St.	$9,000 safe) 5,000 inside) 5,000 outside)	543	3 years 8-19-67 8-19-70	American Employers	Gately, Morgan & Gilfoyle
B.C.H.		14,000	354	3 years	Maryland Casualty Co.	" " "

BURGLARY INSURANCE

Dept.	Location	Coverage	Premium	Term	Company	Broker
SCHOOL	Stadium Bus.Mgr.Off.	Safe $10,000) Safe $10,000)	$168	1 yr. 9-1-68 to 9-1-69	Continental Casualty Co.	Chas. R. Murphy
	Stadium Bus.Mgr.Off.	Interior: $10,000) Exterior: $10,000)	$39	"	" "	" "
	Stadium Bus.Mgr.Off.	Messenger: $10,000) Messenger: $2,000)	$29	"	" "	" "

BURGLARY-COUNTY

Dept.	Location	Coverage	Premium	Term	Company	Broker
So.Boston Mun. Court	Clerks-Probate Officers	$23,000	$285	3 years	Aetna Ins. Co.	Hollis, Perrin & Kirkpatrick, Inc.
Roxbury Court	Clerk's Office	5,000 inside) 5,000 outside)	285	" "	" " "	Ins.Agency of Needham
Roxbury Court	Probation Office	10,000 inside 10,000 outside	450 153	" "	" " "	" " "
Registry of Deeds	Court House	3,000 inside 3,000 outside 3,000 safe	27 10 52	1 year " " " "	Security Ins.Co. " " " "	Chas. Sullivan " " " "
Dorchester Court	Clerk's Office	1,500 outside) 5,000 inside) 5,000 safe)	354	3 years	Lumberman's Mutual	Hollis, Perrin & Kirkpatrick, Inc.
West Roxbury Court	Probation Office	1,000 inside) 1,000 outside)	51	3 years	Employers Liab. Ins. Co.	John C. Paige Co. now Paige, O'Brion, Russell
	Clerk's Office	3,500 safe) 3,500 inside) 3,500 outside)	99	1 year	Hanover Ins. Co.	Chas. L. Patrone Co.

FIRE INSURANCE

Dept.	Property Covered-Location	Coverage	Premium	Term	Company	Broker
Geo. R. White Fund	480 Boylston St.	$1,000,000	$4,800	3 years	Maryland Cas. Ins. Co.	Bernard Baldwin
" "	146-148 " "	150,000	5,298	3 years 12/5/65-12/5/68	Travelers Indemnity Co.	James F. Kelley & Co.
" "	180-182 " "	1,130,000	1,639	3 years 12/5/65-12/5/68	" "	" "
BRA	So. End Mass. R-56 72 Warren Ave.	60,000	444	7/1/66-7/1/69	" "	" "
"	All Office Furn. & Equipment	155,000	1,344	3/15/67-3/15/70	" "	" "
"	Waterfront-Mass. R-35	235,000	168	1/1/68-1/1/71	" "	" "
REAL PROPERTY	Garage: Lincoln & Essex	500,000	1,250 Tot.	1/19/67-1/19/70	Natl. Fire Ins. Co.	Gately, Morgan & Gilfoyle Ins. Agency
" "	Garage: Oliver & High	625,000	587 yr. 1,761 Tot.	10/30/66-10/30/69	N.H. Merchants Ins. Co., Inc.	" "
" "	" "	625,000	587 yr. 1,761 Tot.	"	Maryland Am. General Group	" "

FIRE INSURANCE

Dept.	Property Covered-Location	Coverage	Premium	Term	Company	Broker
REAL PROPERTY	Garage: Bedford St.	$1,348,000	$1,227 yr. 3,681 Tot.	12/8/66-12/8/69	Natl Fire Ins. Hartford	Gately, Morgan & Gilfoyle Ins. Agency
" "	Garage: St. James Ave.	1,200,000	2,676 yr. 8,028 Tot.	6/1/68-6/1/71	The Contin'l Ins. Co.	Bernard Baldwin
	Garage: Kilby St.	2,000,000	3,180 yr. 9,540 Tot.	5/23/68-5/23/71	" "	" "

AUTOMOBILE NON-OWNERSHIP

Dept.	Persons	Coverage	Premium	Term	Company	Broker
BRA	Class 1 Employees	$100,000-300,000	$449.09	3/15/68-3/15/69	Phoenix Ins. Company	Bernard R. Baldwin
	Class 2 Employees					

BOILER INSURANCE

Dept.	Location	Coverage	Premium	Term	Company	Broker
E.B. HOSP.	E.Boston Rel.	$30,000 per.	$ 137	3 years 5/1/69	Maryland Cas. Co.	James F. Kelley & Co.
PARKS-REC.	Various	"	1,870	"	" "	" "

BOILER INSURANCE

Dept.	Location	Coverage	Premium	Term	Company	Broker
PUBLIC WELFARE	Central & Dists.	$30,000 per.	$ 459	3 years 5/1/69	Maryland Cas. Co.	James F. Kelley & Co.
REAL PROPER-TY	Various - incl. Court Houses	"	2,426	"	" "	" "
POLICE	Various	"	1,129	"	" "	" "
CIVIL DEFENSE	51 River St.	"	76	"	" "	" "
PENAL INSTS.	Deer Island	"	372		" "	" "
TRAFFIC-PARKING	Southampton	"	198	"	" "	" "
SUFFOLK COUNTY JAIL		"	429	"	Emply. Liab. Assurance	O'Brion Russell & Co.
SUFFOLK COUNTY COURTHSE	Courthouse	$75,000 per accident	1,233	3 years exp. 12/1/68	Globe Indem-nity Co.	Dewick & Flanders 148 State St.

BOILER INSURANCE

Dept.	Location	Coverage	Premium	Term	Company	Broker
P.W.D.	Divisions (4)	$30,000 per accident	$3,654	3 years exp. 4/30/69	Maryland Cas. Co.	James F. Kelley & Co.
HEALTH & HOSPITALS	Long Island	As per Schedule	369	3 years 5/1/69	" "	" "
ADMIN. SERVICES	Printing Plant	30,000 per accident	137	3 years 5/1/69	" "	" "
LIBRARY	11 Branches 1 Central	30,000 per accident	873	3 years 5/1/69	" "	Jos. R. Kelly Co.
HEALTH & HOSPITALS	Mattapan Boiler & Machinery		568	3 years	" " (Refer to Non-Order #98818 8/3/66)	James F. Kelley & Co.
FIRE	Boiler & Air Tank	41 Air Tanks 45 Boilers	3,257	3 years 5/1/69	Maryland Cas. Co.	James F. Kelley & Co.
SCHOOLS	All Bldgs. 192	30,000 per.	23,850	3 years 5/1/69	" "	" "
HEALTH & HOSPITALS	7 Dists. (Health)		607	3 years 5/1/69	" "	" "
HEALTH & HOSPITALS	Various Main	"	1,762	3 years 5/1/69	" "	" "

PROPERTY DAMAGE

Dept.	Location	Coverage	Premium	Term	Company	Broker
GOVT CENTER COMM.	Model New City Hall	$15,000	$ 150	2/7/68 2/7/69	Aetna Ins. Co.	John C. Paige & Co.
BRA	17 Models & Artists Renderings	210,800	4,005.20	3/24/68 3/24/69	Phoenix Ins. Co.	Bernard R. Baldwin
"	Site Office 105 Crawford St., Roxbury	$75 plate glass	68	11/17/66 11/17/69	Travelers Indemnity Co.	James F. Kelley & Co., Inc.

PERSONAL INJURY

Dept.	Persons	Coverage	Premium	Term	Company	Broker
BRA	5 Board Members 15 Employees	$250,000	$ 509	9/15/67 9/15/68	Travelers Ins. Co.	James F. Kelley & Co., Inc.

WORKMEN'S COMPENSATION

Dept.	Persons	Coverage	Premium	Term	Company	Broker
BRA	All Employees	Statutory	$18,003	3/15/68 3/15/69	Phoenix Ins. Co.	Bernard R. Baldwin

WORKMEN'S COMPENSATION

NOTE. The City is a self-insurer in this category.

1967 Expenditures	$51,013.49	Workmen's Compensation Service
	$373,891.87	Workmen's Compensation
TOTAL	$424,905.36	
1968 Expenditures	$59,615.05	Workmen's Compensation Service
	365,933.51	Workmen's Compensation
TOTAL	$425,548.56	

APPENDIX II

BOSTON REDEVELOPMENT AUTHORITY

The Boston Redevelopment Authority, although not a department of the City, is considered in the treatment of insurance, since the City contributes to the great cost of the Authority's operation.

The BRA is governed in its actions by the rules and regulations of the Housing and Urban Development Department of the Federal Government. The latter spells out procedures with a handbook issued to all the Local Public Agencies. In the matter of handling insurance, H.U.D. spells out the several kinds of insurance coverage required (public liability, automobile, fire).

Chapter 4, Section 1, of the Urban Renewal Handbook (R.H.A. 7217.1) spells out the coverage required. As to how the insurance should be secured, the applicable sections run as follows:

> "This Section prescribes insurance and bonding coverages which shall be secured by the LPA pursuant to approval of a contract for Urban Renewal assistance.
>
> "Insurance coverages shall be secured from financially sound mutual or stock insurance companies at the lowest practicable cost.
>
> "In arriving at the lowest practicable cost, the LPA shall estimate the cost of policies with mutual companies by:
>
> (1) Deducting from the gross deposit premium any anticipated dividend, based on the dividend-paying record of the company.
>
> (2) Adding the loss of interest on that amount of the mutual company policy premium which is in excess of the premium that would be charged by a stock company."

It appears that the only restriction placed on the Redevelopment Authority is that it be secured "at the lowest practicable cost." Competitive bidding would appear to be the most effective method of arriving at the "lowest practicable cost."

Another relevant section in the Urban Renewal Handbook is the following reference under Section 4 of Chapter 1 of R.H.A. 7217.1, entitled "Administrative Practice." It states:-

> "Except as further limited or prohibited by this Section, the LPA administrative policies and regulations may authorize allowances which are less than, but not in excess of, amounts allowable in conformance with pertinent local public practice.
>
> "The LPA shall document in its files the evidence and reasoning on the basis of which it establishes or revises administrative policies and regulations and determines such policies and regulations to be comparable with pertinent local public practices."

This reference appears to strengthen the contention of the Finance Commission that the BRA should undertake competitive bidding in insurance and bonding inasmuch as "local practice" calls for competitive bidding when more than $2,000 is involved in the purchase of goods or services. (City Charter; Section 30 of Chapter 486 of the Acts of 1909.)

PROCEDURE FOLLOWED BY THE BRA

The BRA adopted its present agency procedure as their idea of the best way to conform to regulations. All insurance is placed by an agent of the Authority. (Formerly this was James F. Kelley and Company, and now it is Bernard R. Baldwin, designated by a vote of the Authority.)

Approximately 85% of the insurance premiums paid by the Authority represent public liability insurance on urban renewal project areas. To obtain this coverage, the insurance agent solicits proposals from 2 or more companies for public liability insurance on a retrospective rating plan for a three-year period, with $100,000 - $300,000 limits, the policy to contain several mandatory provisions required by the Federal Government. The proposals are opened in the Authority's offices, evaluated by the staff and the insurance agent, and submitted with a recommendation, to the Authority for consideration and approval. Premiums are billed by the Redevelopment Authority's designated agent.

APPENDIX III

INSURANCE AND BOND PRACTICE IN THE LARGER CITIES

The following table presents data on the insurance and bonding practice of the larger cities in the United States.

It is useful to illustrate the variety of approaches taken in this area. Boston is appropriately compared with cities in its population class.

MUNICIPAL INSURANCE AND BOND PRACTICE IN VARIOUS LARGE CITIES

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Chicago, Ill	3,520,000			Yes - all employees $25,000 City Treasurer 2 million	No - except on property acquired with proceeds=sale Revenue Bonds - on property leased to City when lease requires same	Yes - provided in general budget

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
No - except on property acquired with proceeds-sale Revenue Bonds - on property leased to City when lease requires same	No	No	No - except on property acquired with proceeds-sale Revenue Bonds-on property leased to City when lease requires same	

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
New York City, N.Y.	8,080,000		No - bonds awarded	Yes	Self	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self	Yes	Self	Self	

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Phoenix, Ariz	520,000	Committee approved by Mayor-Council. Handle all insurance needs	Invitational bidding	Yes	Yes - 5 separate policies one expiring each yr.	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes	Yes	Yes - 5 policies, 1 each year	Yes	All premiums pd. through Insur. Commit.- C.P.A. audit made

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Atlanta, Ga	535,000	Bd. of Aldermen	No - awarded-Atlanta Ind. Agents		Yes	Self-insured

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self-insured		Self-insured	Yes	Agent named by Assn. & determines commission received

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Kansas City, Mo	530,000	Public Ins. Committee	Yes	Yes	Self-to $5000, commercial from $5000-subject to $100,000 deductible per claim-$250,000 per policy yr.	Self-insurance basis-medical costs covered by insurance carrier

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
None-except 2 airports	Specific amts. at specific locations	Yes - No collision	Tenants City properties required and name city as additional insured	5 agents serve as advisory insurance committee - all insurance and fidelity publicly bid

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
San Francisco, Cal	745,000	Controller	Solicited bids	Yes	Partly self insured-partly insured privately	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Specific locations	Yes	Yes	Specific locations	

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Denver, Col	520,000	Insurance Committee	No	Yes	Partly self insured-partly insured privately	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
None			Yes	

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
New Orleans, La	655,000	Committee	No - placed with carriers	Yes	Yes	Self-ins.

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes	Yes	Yes-liability only	Yes	Not insured for: 1-loss-damage property of others 2-bodily injury city employees 3-loss personal items 4-civil commotion - riots 5-bodily-property damage city streets 6-No malpractice

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Compensation
Houston, Texas	1,100,000	Commission made up of ins. men	No-common fund	Yes	Partly self insured-partly insured privately	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
No		No		Secretary heads Commission-places insurance with various agencies and companies as policies due. Premiums paid go into common fund and all members of Insurance Commission participate in premiums on pro rata basis.

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Milwaukee, Wis	765,000	By ordinance - comptroller responsible	Yes-except on small items-solicited or when council authorizes otherwise	Yes	Yes	Yes-self-insurance plan

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes-limited	Yes	Yes-blanket policy	Yes	Objective to get blanket coverage on all coverages-unsuccessful to date

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Philadelphia, Pa	2,030,000	Insurance Advisory Committee Members from Insurance firms	Bid on fidelity bond and certain city-owned facilities (airports and waterports)	Yes	Self	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self	Self	Self	Self	Certain city-owned facilities as airports, waterports insured by underwriters. Self insured with claims financed from annual appropriations.

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Los Angeles, Cal	2,695,000	By Depts.	Yes-on coverage for Public Service enterprises-e.g. airport, harbor, etc.	Yes	Self-except Public Service enterprises	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self-except Public Service enterprises			Self-except airport-harbor, water & power	

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Seattle, Wash	565,000	Insurance Review Committee established by City Council	Negotiated	Yes	Yes - special coverages	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes		Yes		Have other special coverages which they deem necessary - false arrest, A & B, etc.

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Pittsburgh, Pa	560,000	Dept. of Supplies write specs & takes bids	Yes - except fidelity bonds	Yes	Yes	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes	Yes	Yes-partly	Yes	

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Dallas, Texas	790,000	Placement Board makes insurance recommendations			Yes-partly self insured-partly insured privately	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
San Diego, Cal	636,000	No	Yes - all over $1000 premium	Yes - $25,000 deductible	Yes - $10,000 deductible	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes		Yes-partly	Yes - $5,000 deductible	Insure for losses which would hamper City programs or affect tax rate

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Baltimore, Md	925,000	No - one man in Comptroller's Office	Yes - informal	Yes	Self-most part-except secondary coverage for disaster-$500,000 reserve	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
	Yes	Yes	Yes	Motor vehicle coverage excludes Fire Dept. vehicles

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Detroit, Mich	1,660,000	No	No	Self-Fund	Self	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self	Self	Yes	Self	Commercial insurance on Civic Center

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Wash, D.C.	810,000	No	No	Yes	Self	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self	Self	Self	Self	Self-insurer by law - except for Fidelity coverage of employees

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
State of Conn		Insurance Purchasing Board-appointed by Governor	No - by negotiation Board designates Agent	Yes	Yes	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes - highway, airport-State Police, teachers, misc.		Yes - collision only on driver education vehicles	Yes	1. All major risks are covered - minor risks are self-insured. 2. Board purchases all types of insurance except group life, accident & health for benefit of employees

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Cleveland, Ohio	855,000	None	Yes - except for bonds	Yes	Yes-airport generating station	

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes - hospitals, airport, stadium, auditorium	Yes		Yes	1. Generally endeavor to self insure 2. In area of substantial exposure have purchased insurance

CITY	Population 1965	Advisory Group or Committee	Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
Memphis, Tenn	525,000	Insurance Dept. & Advisory Committee	Closed bid basis	Yes	Yes	Self

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Yes	Yes	Yes-excludes buses or public vehicles Memphis Transit Authority	Yes	1. All agents share in the commissions from Insurance Pool 2. All City of Memphis insurance,- Board of Education and Park Commission administered by Insurance Dept.

CITY	Population Estimate-1965 Municipal Year Book	Advisory Group or Committee	Public Bidding For Insurance	Employee Blanket Fidelity Bond	Fire Insurance	Workmens Compensation
BOSTON	670,000	No	No - only School Dept. Fidelity Bonds- Housing Authority	No	Self-except for BRA, White Fd., Real Property	Self-insured

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self-insurer	Yes	Self-except BRA	Self-except BRA	1. Largely a self-insurer

CITY	Population Estimate-1965 Municipal Year Book	Advisory Group or Committee	Public Bidding For Insurance	Employee Fidelity Bond	Fire Insurance	Workmens Compensation
BOSTON	670,000	No	No - only School Dept. Fidelity Bonds- Housing Authority	No	Self-except for BRA, White Fo., Real Property	Self-insure

Liability Insurance	Robbery Insurance	Motor Vehicle Insurance	Property Damage Insurance	REMARKS
Self-insurer	Yes	Self-except BRA	Self-except BRA	1. Defacity self-insurer

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